CAP/ek4 3/26/2014

FILED
3-26-14
02:06 PM

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	Rulemaking 11-05-005 (Filed May 5, 2011)

ASSIGNED COMMISSIONER'S RULING IDENTIFYING ISSUES AND SCHEDULE OF REVIEW FOR 2014 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLANS

ASSIGNED COMMISSIONER'S RULING IDENTIFYING ISSUES AND SCHEDULE OF REVIEW FOR 2014 RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLANS

1. Summary

Pursuant to the authority provided in Pub. Util. Code § 399.13(a)(1),[1] today's ruling identifies issues and sets a schedule for the Commission's review of the 2014 Renewables Portfolio Standard (RPS) Procurement Plans and of related documents for electric corporations. Pursuant to § 365.1[2] and Decision (D.) 11-01-026,[3] this ruling also identifies the filing requirements applicable to electric service provides (ESPs).

The Commission has adopted a framework for consideration of RPS Procurement Plans for electric corporations in prior decisions. The most recent

---

1 Pub. Util. Code § 399.13(a)(1) orders the Commission to "direct each electric corporation to annually prepare a renewable energy procurement plan…to satisfy its obligations under the renewables portfolio standard." All subsequent code section references are to the Public Utilities Code unless otherwise indicated.

2 § 365.1 was enacted by Senate Bill (SB) 695 (Kehoe, Stats. 2009, ch.337) and provides, among other things, for the phased and limited reopening of direct access transactions in the service territories of the three large utilities. The statute also requires that, once the Commission has begun the process of reopening direct access, the Commission shall equalize certain program requirements between the three large utilities and "other providers," including ESPs. Section 365.1 expressly exempts community choice aggregators from its requirements and does not address small and multi-jurisdictional utilities. Consequently, D.11-01-026 did not address RPS procurement requirements as they apply to community choice aggregators or small and multi-jurisdictional utilities.

3 Pursuant to § 365.1, D.11-01-026 *Decision Revising Rules for the Renewables Portfolio Standard Pursuant to Senate Bill 695* found that almost all significant RPS requirements currently apply equally to large investor-owned utilities (IOUs)and ESPs. The decision adds to the RPS obligations of ESPs, such as the filing of RPS Procurement Plans for Commission approval. D.11-01-026 at Ordering Paragraph 1.

decision is D.13-11-024.[4] Consistent with the general process referred to in D.13-11-024, other prior Commission decisions, and the requirements in SB 2 1X,[5] this ruling requires the filing of proposed RPS Procurement Plans for 2014 and sets forth the information required therein. After the Commission considers these proposed procurement plans, the Commission will issue a decision on these plans, consistent with the direction set forth in § 399.13(a)(1).[6]

In addition, this ruling seeks comments on three specific topics that are likely to arise in the context of the next round of RPS procurement. The first topic relates to the value of system capacity or Resource Adequacy. The second topic is to consider adding a minimum bid requirement based on project development status. The third topic is related to the potential for integration cost adders. Parties may file comments on these topics and related questions as set forth in the schedule at Attachment A.

Additional background on the RPS procurement process, such as the solicitation timeline, is set forth below together with the issues to be considered and the procedural schedule at Attachment A.

---

[4] *Decision Conditionally Accepting 2013 Renewables Portfolio Standard Procurement Plans and Integrated Resource Plan On-Year Supplement* (November 14, 2013, R.11-05-005). In D.13-11-024, the Commission adopted RPS Procurement Plans for the year 2013.

[5] SB 2 1X (Simitian, Stats. 2011, ch.1) enacted in the First Extraordinary Session of the Legislature (effective December 10, 2011).

[6] § 399.13(a)(1) states that the Commission shall review and accept, modify, or reject each utilities' RPS Procurement Plan prior to the commencement of renewable energy procurement pursuant to this Article 16 of the Pub. Util. Code.

2. General Requirements for 2014 RPS Procurement Plans

The Order Instituting Rulemaking (OIR) initiating this proceeding was adopted by the Commission on May 5, 2011. An initial prehearing conference was held on June 13, 2011. The initial *Scoping Memo and Ruling of Assigned Commissioner* was issued July 8, 2011. Three subsequent scoping memos have been issued: *Amended Scoping Memo and Ruling of Assigned Commissioner* September 12, 2012*; Second Amended Scoping Ruling and Ruling of Assigned Commissioner on* January 9, 2013*;* and *Third Amended Scoping Memo and Ruling of Assigned Commissioner* on January 13, 2014.

The January 13, 2014 scoping memo addresses Assembly Bill (AB) 327 (Perea, Stats. 2013, ch.611)[7] The scoping memo states that some aspects of AB 327 will be incorporated into this proceeding. The January 13, 2014 scoping memo also incorporates the consideration of the RPS calculator as an issue in this proceeding.

The earlier scoping memos note that SB 2 1X made a number of changes to the RPS program.[8] Most notably, SB 2 1X extended the RPS procurement goal from 20% of retail sales of all California electrical corporations, ESPs, and Community Choice Aggregators (CCAs) by the end of 2010, to 33% of retail sales of electrical corporations, ESPs, CCAs and publicly-owned utilities (POUs) by the

---

[7] AB 327 became effective January 1, 2014.

[8] The RPS program is codified at §§ 399.11 *et seq*. The RPS program was first established by SB 1078 (Sher, Stats. 2002, ch.516), which set a goal for retail sellers of providing 20% of their retail sales from eligible renewable energy resources by 2017. SB 107 (Simitian, Stats. 2006, ch.464), accelerated the 20% goal to 2010, as well as making other changes in the RPS program. *See also*, OIR (May 5, 2011) for this proceeding at 1 and 7.

end of 2020.[9] These scoping memos also identify additional issues resulting from recently-enacted legislation and other issues to improve the administration of the RPS program and the value it brings to Californians.

In D.12-11-016, the Commission refined the RPS Procurement process as part of its implementation of SB 2 1X. The Commission has now implemented SB 2 1X in several Commission decisions, including D.11-12-020,[10] D.11-12-052,[11] D.12-05-035,[12] D.12-06-038,[13] and D.13-05-034.[14] These Commission decisions contain directives that require modifications to the RPS Procurement process. Compliance with those directives when developing all future RPS procurement plans is required. The details of these decisions are not repeated here.

Consistent with the Commission's decisions and applicable legislative changes, compliance with all of the requirements set forth below is required by Pacific Gas and Electric Company (PG&E), Southern California Electric

---

[9] The Commission has jurisdiction, for RPS purposes, over the first three groups of retail sellers and not over POUs. *See* §399.12(j) and § 399.30(p).

[10] *Decision Setting Procurement Quantity Requirements for Retail Sellers for the Renewables Portfolio Standard Program*, December 1, 2011.

[11] *Decision Implementing Portfolio Content Categories for the Renewables Portfolio Standard Program*, December 15, 2011.

[12] *Decision Revising Feed-In Tariff Program, Implementing Amendments to § 399.20 Enacted by SB 380, SB 32, and SB 2 1X, and Denying Petition for Modification of D.07-07-027*, May 24, 2012. D.13-01-041 denied rehearing of D.12-05-035 as modified, *Order Modifying Decision (D.) 12-05-025, and Denying Rehearing of Decision, as Modified*, January 24, 2013.

[13] *Decision Setting Compliance Rules for the Renewable Portfolio Standard Program*, June 21, 2012.

[14] *Decision Adopting Joint Standard Contract for Section 399.20 Feed-In Tariff Program and Granting, in Part, Petitions for Modification of Decision 12-05-035*, May 23, 2013.

Company (SCE), San Diego Gas & Electric Company (SDG&E) (collectively investor-owned utilities or IOUs). Small and multi-jurisdictional utilities are subject to a subset of the requirements set forth below. ESPs are also subject to a subset of these requirements, as described below.

When filed with the Commission, all of the proposed 2014 RPS Procurement Plans must achieve the following:

1. Describe the overall plan for procuring RPS resources for the purposes of satisfying the RPS program requirements while minimizing cost and maximizing value to ratepayers. This includes, but is not limited to, any plans for building utility-owned resources, investing in renewable resources, and engaging in the sales of RPS eligible resources.
2. The various aspects of the plans themselves must be consistent. For instance, bid solicitation protocol should be consistent with any statements and calculations regarding a utility's renewable net short position.[15]
3. The plans should be complete in describing and addressing procurement (and sales) of RPS eligible resources such that the Commission may accept or reject proposed contracts based on consistency with the approved plan, including any calculation of RPS procurement net short position.
4. Electric corporations should work collaboratively to make the format of the plans as uniform as possible to enable

[15] As of the date of this ruling, the methodology can be found at the August 2, 2012 ruling, *Administrative Law Judge's Ruling (1) adopting renewable net short calculation methodology (2) incorporating the attached methodology into the record, and (3) extending the date for filing updates to 2012 Procurement Plans*. Possible revision to the renewable net short methodology is an issue in the September 12, 2013 Amended Scoping Memo for R.11-05-005 and proposed revisions are now under consideration as set forth in an ALJ Ruling issued on February 19, 2014. If an updated methodology is required before filing of draft RPS Procurement Plans, the updated methodology must be used.

parties, bidders, and the Commission to easily access, review and compare the plans.

Attachment A is the procedural schedule for the Commission's review of the 2014 RPS Procurement Plans. Updates to the filed proposed 2014 RPS Procurement Plans may be provided consistent with the schedule at Attachment A.

3. Utilities Subject to § 399.17

SB 2 1X revised the RPS procurement requirements for multi-jurisdictional utilities and their successors[16] to allow these utilities to meet their RPS procurement obligations without regard to the portfolio content category limitations in § 399.16.[17] It also continued the ability of a multi-jurisdictional utility, i.e., PacifiCorp, to use an Integrated Resource Plan (IRP) prepared for regulatory agencies in other states to satisfy the annual RPS Procurement Plan requirement so long as the IRP complies with the requirements specified in § 399.17(d). PacifiCorp prepares its IRP on a biennial schedule, filing its plan in odd numbered years. It files a supplement to this plan in even numbered years.

As required by D.08-05-029, PacifiCorp must file and serve its IRP in Rulemaking (R.) 11-05-005 at the same time it files with the jurisdictions requiring the IRP. PacifiCorp filed its 2014 IRP with the Commission on April 30, 2013. Pursuant to D.11-04-030, PacifiCorp will file a comprehensive supplement this year, on July 15, 2014. This supplement is to include an analysis of how the IRP and supplement comply with the requirements in § 399.17(d).

---

[16] PacifiCorp is a multi-jurisdictional utility for RPS purposes. Liberty Utilities LLC is a successor entity under § 399.17 and not a multi-jurisdictional utility because it has customers only in California.

Liberty Utilities LLC, on the other hand, does not prepare an IRP because it is not subject to the jurisdiction of another state. It should, therefore, prepare an RPS Procurement Plan subject to the same requirements as a small utility under § 399.18.

4. Utilities Subject to § 399.18

SB 2 1X makes special provisions for the two small utilities existing at the time the legislation was drafted.[18] Section 399.18(b) allows a small utility to meet the RPS procurement obligations without regard to the portfolio content category limitations in § 399.16.

A small utility must file a procurement plan pursuant to § 399.13(a)(5), but it should be tailored to the limited customer base and the limited resources of a small utility.

Accordingly, BVES, as well as Liberty Utilities LLC, should prepare an RPS Procurement Plan providing the information required in sections 6.1 through 6.6, 6.8, 6.9, 6.11 and 6.13 of this ruling. BVES and Liberty Utilities LLC are not required to provide the quantitative information described by section 6.5 in a separate submission but may provide quantitative information to support the written assessments.

---

[17] § 399.17(b).

[18] § 399.18(a)(1) describes Bear Valley Electric Service (BVES); § 399.18(a)(2) describes the former Mountain Utilities. Mountain Utilities was purchased by Kirkwood Public Utility per D.11-06-032. Mountain Utilities is no longer considered a retail seller subject to the Commission's RPS jurisdiction.

5. Electric Service Providers

As provided in D.11-01-026, ESPs must file RPS Procurement Plans. Many of the new requirements of § 399.13(a)(5) do not reasonably apply to ESPs. Therefore, each ESP must file a proposed RPS Procurement Plan that complies with the requirements of sections 6.1 through4, 6.6, 6.12, and 6.14, below.

6. Specific Requirements for 2014 RPS Procurement Plans

As discussed in this section, the 2014 Procurement Plans must include all information required by statute as well as quantitative analysis supporting the retail seller's assessment of its portfolio and future procurement decisions.

Responses to all sections, except sections 6.5 and 6.9, shall be provided qualitatively in writing. Responses to section 6.5 shall be provided in a numerical/quantitative format to support the written responses to sections 6.1 – 6.4, and 6.6. The information in the Procurement Plans should be non-confidential, to the greatest extent possible, and all sources of information must be identified with citations, if any. All assumptions underlying these responses must be clearly stated.

6.1. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A)

Provide a written description assessing annual and multi-year portfolio supplies and demand in relation to RPS requirements, the RPS program, and the RPS program's overall goals to determine the retail seller's optimal mix of eligible renewable energy resources.

The assessment should consider, at a minimum, a 20-year time frame with a detailed 10-year planning horizon that takes into account both portfolio supplies and demand. This written description must include the retail seller's need for RPS resources with specific deliverability characteristics, such as, peaking, dispatchable, baseload, firm, and as-available capacity as well as any additional factors, such as ability and/or willingness to be curtailed, operational flexibility, etc.

This written description must also explain how the proposed renewable energy portfolio will align with expected load curves and durations, as well as how it optimizes cost, value and risk for the ratepayer. Where applicable, assessment should also identify and incorporate impacts of overall energy portfolio requirements (not just RPS portfolio requirements), recent legislation, other Commission proceedings (e.g., R.13-12-010, the long-term procurement plans proceeding), other agencies requirements, and other policies or issues that would impact RPS demand and procurement.

Additionally, the assessment should describe and incorporate RPS lessons learned over the past year, including RPS trends and potential future trends. Lastly, it must also explain how the quantitative analysis provided in response to section 6.5 supports the assessment.

6.2. Project Development Status Update - § 399.13(a)(5)(D)

Provide a written status update on the development schedule of all eligible renewable energy resources currently under contract but not yet delivering generation. This written status update may rely upon the most recently filed Project Development Status Reports[19] but it must elaborate upon these reports

[19] In D.06-05-039 the Commission adopted the requirement that the IOUs submit Project Development Status Reports providing information on whether each Commission-approved RPS project is on target with the project's milestones and projected initial operation date. Section 6.3 is a new requirement for RPS Procurement Plans pursuant to SB 2 1X.

and should differentiate status updates based on whether projects are pre-construction, in construction, or post-construction. Providing a copy of the Project Development Status Report will not be a sufficient response. The status updates provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5, below. Given this analysis, discuss how the status updates will impact the retail seller's net short and its procurement decisions for a 10-year planning horizon.

6.3. Potential Compliance Delays - § 399.13(a)(5)(B)

Describe in writing any potential issues that could delay RPS compliance, including, but not limited to inadequate transmission capacity, delayed substation construction, financing, permitting, and the relationship, if any, to deliveries and project development delays. Describe the steps taken to account for and minimize these potential compliance delays. The potential compliance delays included in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the potential compliance delays will impact the retail seller's RPS net short and its procurement decisions.

6.4. Risk Assessment - § 399.13(a)(5)(F)

Provide a written assessment of the risk in the RPS portfolio in relation to RPS compliance requirements. Risk assessment should describe risk factors such as those described above regarding compliance delays, as well as, but not limited to, the following: lower than expected generation, variable generation, regulatory risk, resource availability (e.g., biofuel supply, water, etc.) and impacts to eligible renewable energy resource projects currently under contract. The risk assessment provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the risk assessment will impact the retail seller's net short and its procurement decisions. The written assessment must explain how quantitative analysis provided in response to section 6.5 supports this response.

6.5. Quantitative Information - §§ 399.13(a)(5)(A), (B), (D) and (F)

In addition to the written descriptive responses to section 6.1 through 6.4, provide quantitative data, methodologies, and calculations relied upon to assess the retail seller's RPS portfolio needs and RPS procurement net short. This quantitative analysis must take into account, where appropriate, the quantitative discussion requirement by sections 6.1-6.4, above. As stated above, the portfolio assessment should be for a minimum of 20 years in the future. The responses must be clear regarding the quantitative progress made towards RPS requirements and the specific risks to the electrical corporation's RPS procurement portfolio. Risks may include, but are not limited to, project development, regulatory, and market risks. The quantitative response must be provided in an Excel spreadsheet based on the most recently directed renewable net short methodology.[20]

[20] As of the date of this ruling, the methodology directed in the Administrative Law Judge's August 2, 2012 Ruling, *Administrative Law Judge's Ruling (1) adopting renewable net short calculation methodology (2) incorporating the attached methodology into the record, and (3) extending the date for filing updates to 2012 Procurement Plans* is the most recent renewable net short methodology. Possible revision to the renewable net short methodology is an issue in the September 12, 2013 Amended Scoping Memo for R.11-05-005. If an updated methodology is adopted before filing of draft RPS Procurement Plans, the updated methodology should be used.

6.6. "Minimum Margin" of Procurement - § 399.13(a)(4)(D)

Section 399.13(a)(4)(D) provides, in part, that the Commission shall adopt, by rulemaking, "[a]n appropriate minimum margin of procurement above the minimum procurement level necessary to comply with the renewable portfolio standard to mitigate the risk that renewable projects planned or under contract are delayed or canceled."

This ruling directs PG&E, SCE, and SDG&E to identify in their proposed 2014 RPS Procurement Plans the assumed minimum margin of procurement above the minimum procurement level necessary to comply with the RPS program to mitigate the risk that renewable projects under contract are delayed or terminated.

Each proposed 2014 RPS Procurement Plan shall include a methodology and inputs regarding the utility's proposed minimum margin of over-procurement metric. The methodology should be representative of and consistent with the utility's inputs and assumptions in section 6.5. Also, the metric should be used to calculate the utility's procurement needs pursuant to section 6.5. Additionally, use of any sensitivities or scenarios should be described. If the utility's assumed minimum margin of over-procurement is not used to calculate a utility's net short provided in response to section 6.5, then the utility should clearly describe the reasons and any assumptions or other additional methodologies used to calculate the utility's proposed over-procurement. Reasons and assumptions should be supported with quantitative information to the extent possible.

6.7. Bid Solicitation Protocol, Including Least Cost Best Fit Methodologies - § 399.13(a)(5)(C) and D.04-07-029

Pursuant to § 399.13(a)(5)(C), 2014 RPS Procurement Plans must include a bid solicitation protocol setting forth the need for eligible renewable energy resources. If selling eligible renewable energy is part of 2014 RPS Plan, then a solicitation protocol setting forth the available eligible renewable energy should also be included. Solicitations shall be consistent with portfolio assessment provided in sections 6.1 through 6.5 and the utility's renewable net short position. Additionally, solicitations should be specific regarding what quantity of products are being requested (or offered) and the required deliverability characteristics, online dates, term lengths, and locational preferences. The bid solicitation protocols should include, a solicitation schedule, pro forma agreement(s), and a detailed description of the utility's least-cost best-fit (LCBF) methodology. The LCBF methodology should be consistent with D.04-07-029, D.11-04-030, and D.12-11-016 that clearly describes criteria (e.g. energy value, congestion cost, locational preference, term length, ability to be curtailed, operational flexibility, etc.) and how bids will be valued and evaluated based on the LCBF methodology. Any qualitative measures that will be used in LCBF methodology should also be described, both in terms of the criteria and how it will be used in the methodology.

6.8. Consideration of Price Adjustment Mechanisms - § 399.13(a)(5)(E)

Pursuant to § 399.13(a)(5)(E), describe how price adjustments (e.g., index to key components, index to Consumer Price Index, price adjustments based on exceeding transmission or other cost caps, etc.) will be considered and potentially incorporated into contracts for RPS-eligible projects with online dates occurring more than 24 months after the contract execution date. Discuss how the price adjustments will maximize value for ratepayers and minimize potential risks to ratepayers.

6.9. Cost Quantification

Pursuant to SB 836 (Padilla, Stat. 2011, ch.600, § 1)[21] and SB 2 1X (Simitian, Stat. 2011, 1st Extraordinary Session, ch.1, § 32)[22] the Commission provided reports to the California Legislature in February 2014. The Commission's February 2014 Padilla Report, included cost data on all procurement contracts for eligible renewable energy resources approved by the Commission.[23] The information in the report was provided to the Commission by PG&E, SCE, and SDG&E and is grouped into the following broad categories: the utility, the type of technology, and the year (for each year from 2003 through 2013). The Commission's Section 910 Report provided data on PG&E's, SCE's, and SDG&E's 2013 direct and indirect costs associated with the RPS program and distributed generation programs, as well as other information related to the three large utilities' procurement and administrative activities.[24]

To support the Commission's reporting to the Legislature pursuant to §§ 836 and 910, PG&E, SCE, SDG&E, BVES, Liberty Utilities LLC, and PacifiCorp

---

[21] Adding § 911 to the Pub. Util. Code.

[22] Adding § 910 to the Pub. Util. Code.

[23] *The Padilla Report to the Legislature, The Costs of Renewables in Compliance with Senate Bill 836 (Padilla, 2011)*. This report can be found at http://www.cpuc.ca.gov/PUC/energy/Renewables/index.htm.

[24] Commission's Report to the Legislature in Compliance with Pub. Util. Code § 910. This report can be found http://www.cpuc.ca.gov/PUC/energy/Renewables/index.htm.

are required to include the information described in Table A, below, in their proposed 2014 RPS Procurement Plans.

The electrical corporations shall coordinate with the Commission's Energy Division Staff to provide responses using a standardized methodology and format. Responses should be non-confidential to the greatest extent possible.

Table A
RPS Procurement Information Related to Cost Quantification

Row	Item	Description
1.	Actual Direct Expenditures - per year	Total dollars expended on all Renewable Energy Credit (REC)s[25] for every year from 2003 to present year. Direct Expenditures shall be reported by resource and technology type and reported for each year.
2.	Actual REC Procurement (MWh) – per year	Total REC procurement for every year from 2003 to present year. Amounts shall be reported by resource and technology type and reported for each year.
3.	Forecast Direct Expenditures - per year	Total forecasted dollar expenditures for all RPS-eligible procurement approved to date.[26] Forecasts Direct Expenditures shall be reported by resource and technology type and reported for each year from 2013-2030.
4.	Forecast REC Procurement (MWh) – per year	Total forecasted REC procurement approved to date. Forecasts shall be reported by resource and technology type and reported for each year.
5.	Incremental Rate Impact - per year	Total actual and forecasted annual rate impacts from the procurement of REC procurement from 2003-2030.

[25] For all information provided in response to Table A, REC-only contracts should be listed separately and not include in the technology category that is the source of the REC.

[26] "to date" means the date this ruling is issued.

6.10. Expiring Contracts

PG&E, SCE, and SDG&E are directed to include in their Procurement Plans information on contracts expected to expire in the next ten years. This information should be provided in a list form, such as an Excel document or similar format that includes the following data: name of the facility, MW, expected annual generation (GWh), contract expiration year, technology, and location. Assumptions related to expiring contracts and effects on RPS portfolios and planned procurement should also be noted, where relevant, in response to several of the above sections (e.g., sections 6.1, and 6.5, herein).

6.11. Imperial Valley

In D.13-11-024, the Commission stated that "PG&E, SCE, and SDG&E are directed to provide a specific assessment of the offers and contracted projects in Imperial Valley region in future RPS Procurement Plans filed with the Commission pursuant to § 399.11 *et seq.* until directed otherwise."[27]

While restating this directive here is not necessary, we do so to further support our commitment to the continued monitoring of the utilities' procurement activities in the Imperial Valley area and renewable projects' utilization of the Sunrise Powerlink Transmission Project in recognition that "Sunrise is an important project in California. It deserves reasonable attention to ensure that it is used efficiently, equitably and wisely."[28] This directive refers to the Commission's prior determinations that granted SDG&E a Certificate of Public Convenience and Necessity for the Sunrise Transmission project and

[27] D.13-11-024 at 14.

[28] D.13-11-024 at 11-12.

directed the Commission to consider several proposals so that the renewable resources that are facilitated by Sunrise are developed on a timely basis.[29]

The Commission's commitment to this matter was most recently reaffirmed in the decision accepting the 2013 RPS Procurement Plans.[30]

Specifically, we direct PG&E, SCE, and SDG&E to report on the Imperial Valley results from the 2013 solicitation any CPUC-approved RPS PPAs for projects in the Imperial Valley that under development, and any RPS projects that have recently achieved commercial operation.

6.12. Important Changes to Plans Noted

A statement identifying and summarizing the important changes between the 2013 and 2014 RPS Procurement Plans must be included. This summary could be in a table or bullet point format, but it should not be a reprint of the two plans with strike-out and underlined inserts. In addition to identifying and summarizing the important changes, the plan should also include an explanation and justification of reasonableness for each important change from 2013 to 2014.

6.13. Redlined Copy of Plans Required

A version of the 2014 RPS Procurement Plan that is "redlined" to identify the changes from the 2013 plan must be included with the 2014 RPS Procurement Plans. The IOUs must provide a redlined copy for the Commission's Energy

---

[29] D.08-12-058, *Decision Granting a Certificate of Public Convenience and Necessity for the Sunrise Powerlink Transmission Project* at 266-268; D.09-06-018 directed a special Imperial County bidders' conference and specific monitoring of Imperial Valley proposals at 11-16; and D.11-04-030 directed continued monitoring of Imperial Valley proposals at 25-26

[30] D.13-11-024 at 11-14.

Division Staff, the ALJ and any party who requests a copy. (This is separate from the Important Changes item above.)

6.14. Safety Considerations

As stated in D.13-11-024, all entities filing RPS Procurement Plans must incorporate a section on safety considerations.

7. Specific Topics for Parties' Comments

Comments on the following topics shall be submitted pursuant to the schedule in Attachment A. All sources of information provided in comments should be identified with citations, and all assumptions should be clearly explained.

7.1. Capacity Valuation

As stated above, RPS Procurement Plans should take into account not only procurement needs to meet or exceed RPS requirements, but also overall energy portfolio needs and system requirements. The LCBF process is one particular area where the intersection of issues is vital because not only is the cost of the potential contract evaluated, but also costs and benefits related to transmission, congestion, and capacity. To address this intersection, it would seem logical that LCBF capacity valuations should be consistent with system capacity needs forecast adopted by the Commission. In the 2012 Long-Term Procurement Plan proceeding (R.12-03-014), the Commission found that there is no need to procure additional system capacity. Thus, this ruling seeks parties' feedback on whether, to be consistent with that determination, the IOUs' should assume in their LCBF methodologies that system capacity in the context of resource adequacy requirements has zero value and whether they should evaluate bids accordingly. Parties may respond in comments to the following question:

1. The adopted 2014 LTPP assumptions show no need for system resource adequacy capacity until 2030 at the earliest. Considering the lack of need for system capacity identified and the likely procurement of additional local capacity that will further reduce the value of system capacity, is there any justification to including a positive value to system resource adequacy capacity in the RPS procurement process in 2014?

7.2. Project Development Requirements

The utilities' RPS solicitations include a number of requirements for bids to be eligible to participate. Some of the requirements are the result of Commission adopted requirements, such as minimum project size or minimum progress in the transmission study process.[31] This ruling seeks comments on whether to add an additional requirement related to project development. Specifically, a project could be required to have, at a minimum, the Initial Study portion of its environmental review California Environmental Quality Act (CEQA) and/or National Environmental Quality Act (NEPA) completed before a project may be bid into an IOU's annual RPS Solicitation.

Comments on whether or not such a requirement is reasonable and viable should be filed according to the schedule set forth in Attachment A.

1. Is the Initial Study an appropriate RPS RFO bidding screen? If not, please explain why and propose an alternative permitting-related requirement.
2. Should the Initial Study completion (CEQA and/or NEPA) be a screen for bilateral transactions?

---

[31] D.08-02-008, *Opinion Conditionally Accepting Procurement Plans for 2008 RPS Solicitations* at 31 and D.13-11-024, *Decision Conditionally Accepting 2013 Renewables Portfolio Standard Procurement Plans and Integrated Resource Plan and On-Year Supplement* at 29.

7.3. Renewable Integration Adder

An integration cost adder is currently part of the Commission's required (LCBF) bid evaluation methodology. However, the Commission has not, to date, approved the use of a non-zero value for the integration cost adder.[32] In D.13-11-024, the Commission noted that consideration of policies regarding how increasing amounts of generation were impacting the grid were currently being undertaken.[33] Given the history of the RPS procurement plans and agreement between the Commission, the utilities, and parties that this issue should be further addressed, we have included questions below to open additional dialogue and record development on this issue, a decision on which may be concluded in this proceeding, the LTPP proceeding, or another appropriate venue to be determined.

1. Many parties, in various venues, have expressed interest in the development of an integration adder. Staff understands this concept to mean an addition to the criteria utilities use to select contracts that would reflect the impact a resource has on the transmission system. In simple terms, using this criterion, if designed appropriately, a rampable and dispatchable resource would score better than a baseload resource that does not ramp well, which would, in turn, score better than an intermittent resource that requires firming and shaping. Please explain:

[32] See D.13-11-024, *Decision Conditionally Accepting 2013 Renewables Portfolio Standard Procurement Plans and Integrated Resource Plan and On-Year Supplement* at 26.

[33] For instance, impact and benefit of intermittent resources will be examined in the Long-Term Procurement Plan (LTPP) proceeding, R.13-12-010, and later in this proceeding when LCBF methodologies will be examined.

a. If this definition matches your understanding and why or why not?

b. If not, what is your definition of an integration adder?

c. Do you believe an integration adder is needed at this time? Why or why not?

2. As reflected in the first question above, the definition of a renewable integration adder is not clearly understood. Given this ambiguity, what is your interpretation of how an integration adder would be used? Please consider the follow sub-questions:

   a. What form should any integration adders take? For example, should they be incorporated into the value side or cost side of the least cost best fit equation, and why?

   b. Is an integration adder a single static value, a value that changes over time, or many values that change over time? How frequently should it be updated?

   c. With what granularity should such adders be calculated and applied, in terms of resource types and locations? E.g., for how many (and which) distinct categories of resources, and for how many (and which) distinct geographic locations?

   d. How far out in time should we project (e.g., model) system operation when calculating adders for any "current" vintage of resource additions? E.g., 10 years out, 20 years out, for one target year, or for a multi-year time horizon? Should this depend on contract length?

   e. Should an integration adder take into consideration only the cost of integrating renewables or should it also consider the positive attributes of intermittent renewable generation such as the ability to potentially hedge against rising natural gas prices? If so, how?

3. With respect to questions above, what is the framework you recommend for calculating an integration adder? Please be explicit and provide a quantitative example.

4. The Commission's Long-term Procurement Plan (LTPP) proceeding is currently considering the use of stochastic-based probability models to forecast the need for flexible capacity ten years into the future (i.e., by 2024). Modeling results from stakeholders that submit testimony in this proceeding may determine that there is a need for resources that can provide flexible capacity within the LTPP's study horizon. Should an integration adder be derived from these flexibility studies? Please consider the following sub-questions when providing an answer:
    a. Results from these studies may be several years away. Is it appropriate for the Commission to wait until LTPP studies are completed to develop a new integration adder? If not, provide an alternative realistic approach for analysis with a roadmap for implementation.
    b. Should the Commission develop an interim renewable integration adder and update the adder once the results of the LTPP flexibility studies are known? If so, what interim approach do you recommend and why is this approach valid?
    c. Publicly available studies are available that attempt to define and project the value of an integration adder. Should the Commission adopt an integration adder based on these studies rather than utilize results from the upcoming flexibility studies? Why or why not?
5. Should an integration adder reflect the actual impact of a resource, even if new infrastructure is not needed to integrate the resource, or only reflect incremental increases in infrastructure needs? In other words, if there is no need identified for new flexible resources, should the adder still be set at zero? Please explain your answer.

8. Schedule

Parties may file comments, reply comments and other pleadings in response to the RPS Procurement Plans and the Supplement. The schedule is set forth at Attachment A. After review of the record in the proceeding, the

Commission will accept, modify, or reject each plan or Supplement as required by §§ 399.14(a)(1) and (c).

IT IS RULED that:

1. As required by Section 399.13(a)(5) of the Public Utilities Code, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall file a proposed 2014 Renewables Portfolio Standard Procurement Plan that addresses the elements stated herein.

2. As required by Section 399.13(a)(5) of the Public Utilities Code and Decision 08-05-029, PacifiCorp shall file proposed Supplement that address the elements stated herein.

3. As required by Section 399.13(a)(5) of the Public Utilities Code, Bear Valley Electric Service and Liberty Utilities LLC shall file proposed 2014 Renewables Portfolio Standard Procurement Plans that address the elements stated herein.

4. As required by Section 365.1 of the Public Utilities Code and Decision 11-01-026, Electric Service Providers shall file proposed 2014 Renewables Portfolio Standard Procurement Plans to address the elements stated herein.

5. The procedural schedule for the Commission's consideration of the 2014 Renewables Portfolio Standard Procurement Plans and Supplement is set forth at Attachment A. This schedule may be adjusted as needed by the assigned Commissioner or Administrative Law Judge.

6. Comments on the issues and questions set forth herein in Section 7 may be submitted consistent with the schedule set forth at Attachment A.

Dated March 26, 2014, at San Francisco, California.

/s/ CARLA J. PETERMAN
Carla J. Peterman
Assigned Commissioner

(ATTACHMENT A)

Attachment A
Procedural Schedule
2014 Renewables Portfolio Standard Procurement Plans

Row #	ITEM	DATE
1	Assigned Commissioner's Ruling setting scope and schedule for annual RPS Procurement Plans	3/26
2	IOUs, Small Utilities, and ESPs file proposed annual RPS Procurement Plans	5/14
3	PacifiCorp files supplement to 2014 IRP – comments and reply comments may be filed within 15 and 20 days, respectively.	7/15
4	Comments filed on RPS Plans, Supplement, and Issues and Questions in this Ruling	6/11
5	Motions requesting evidentiary hearing (note: If a motion is filed and granted, the ALJ may need to issue a revised schedule.)	7/9
6	Reply comments on RPS Plans, IRPs and Ruling Issues/Questions	7/9
7	Motion to update RPS Plans [note 1 below]	7/30
8	Projected date for issuance of Proposed Decision	4th Quarter 2014
9	Projected date for Commission vote on Proposed Decision	4th Quarter 2014
10	IOUs issue Request For Offers for Solicitations or otherwise pursue approved RPS Procurement Plan	4th Quarter 2014

Note 1: Updates are not intended to the form and format of the plan but may be appropriate for limited elements based on changed circumstances or recent information (e.g., new legislation, recent Commission decision, new regulation of the California Independent System Operator, harmonization of definitions within contract for specific terms).

(END OF ATTACHMENT A)